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Public Attitudes toward Social Security and Private Accounts: Executive Summary

Social Security is an important domestic policy issue before the American public. While many public surveys contain questions about Social Security, there are few current, comprehensive assessments of how the public views the Social Security program, including assessments of public attitudes toward private accounts carved from Social Security funds.

To gauge public attitudes on these issues, a survey of 1,500 adults age 30 and over was conducted by AARP and Roper Public Affairs in late December 2004.

In addition, focus groups were also conducted among with individuals aged 40 to 49, 50 to 59, and 60 and over to gain further understanding of these issues.

Public Attitudes toward Social Security

Majorities of individuals age 30 + have a favorable view of Social Security (62%), and 66% support keeping the program as close to the current system as possible.

Nearly four-fifths (79%) of respondents age 60+ support keeping Social Security as is. Nearly two-thirds of respondents 50-59 (65%) and respondents age 30-39 (62%) support maintaining Social Security in its current form. Approximately 6 in 10 respondents (57%) age 40-49 support keeping Social Security as is.

Confidence in the status of future Social Security benefits is a real issue for the American public.

Only 37% of survey respondents are at least somewhat confident that Social Security will be there for them when they retire. While a majority of non-retired people aged 50 or older are confident about Social Security, more than two-thirds of people under 50 are not confident. AARP's focus group research indicates that the viability of the Social Security program is not well understood, and public pessimism exists about the program. However, even younger people who are less confident about Social Security being there for them still hope it will be and have generally positive attitudes about the Social Security system, as revealed in our survey.

The public recognizes the need for Social Security reform. However, they do not believe that private accounts will resolve the shortfalls Social Security might have in the future. People tend to see Social Security solvency and private accounts as separate and distinct issues.



When asked about their perceptions of the current Social Security system, a majority of respondents agreed that: Social Security should be strengthened not replaced (83%); problems can be fixed and should be fixed sooner rather than later (88%); private accounts would hurt Social Security (60%); and Social Security should be protected as a guaranteed benefit (77%). There are few significant age differences on these attitudes about Social Security.

Public Attitudes toward Private Accounts

Most public opinion polls on private accounts pose the issue in a simplistic manner. These polls ask respondents if they favor allowing individuals to invest a portion of their Social Security taxes in the stock market. In most of these surveys, about half the adult population favors this option. But this question appears to be essentially asking about people's preference for handling their own money. It seems reasonable that many people would favor this approach to investing.

The current AARP survey attempts to move past this simple question by asking those who support private accounts to consider this support in light of some likely consequences.

First, respondents were read a question used to gauge their level of support or opposition to private accounts. Below is a standard question about private accounts used in many national polls. More specific information regarding the average annual amount an individual could invest has been added. This assumes that individuals will be allowed to invest one-third of their current Social Security tax.

“Some people propose allowing workers to invest some of their Social Security payroll taxes in the stock market through individual retirement accounts. For the average worker, this portion would amount to about \$750 per year that they could invest. In general, do you favor or oppose this approach? Is that strongly or somewhat?”

Initially, 4 in 10 respondents (43%) in the AARP/Roper Public Affairs survey favored private accounts and 47% opposed them. When respondents were exposed to any of the negative outcomes related to private accounts the initial 43% of respondents in favor of private accounts decreased to between 17% and 33% depending on the item or “consequence” presented (See Table 1.)



A majority of younger respondents age 30-39 (57%) initially favored private accounts. Slightly more than half of younger boomers, age 40-49 (53%) initially favored private accounts while a lesser percentage of older boomers, age 50-59 (37%) did so. Respondents age 60+ were least likely to initially favor private accounts (28%).

In our focus group research, we found that few respondents had much knowledge of private accounts or how they might operate. Also, they had little knowledge about the possible effects that private accounts might have on the Social Security system.

Would you still favor private accounts if it meant...?	Private Accounts	
	Still Favor	Oppose
No withdrawals prior to retirement	33%	56%
Lower Social Security benefit in retirement	27%	64%
Stock market fluctuations result in decreased money in retirement	25%	62%
Even with private accounts-still need to reform Social Security to meet greater financial obligations	24%	62%
Losers of private accounts will need additional help from government	22%	65%
Workers pay management fees associated with private accounts	21%	67%
Additional \$1trillion needed to pay Soc. Sec. benefits of current retirees	18%	68%
Our children will be confronted with two bills: one for current shortfall and another to meet additional shortfall due to private accounts	17%	68%
New government agency created to administer program	18%	70%

After initial supporters had been exposed to all of the consequences of diverting payroll taxes to fund private accounts, only 10% still favored them. This means, in the context of the entire survey sample, that only 5% favored this approach once the consequences were evident.

